

AT&T Angry FCC Pointed Out Just How Bad T-Mobile Deal Is

Jim Cicconi Upset Nobody Will Believe His Made Up Facts This Time

Thurs Dec 1, 2011 <http://www.dslreports.com/shownews/ATT-Angry-FCC-Pointed-Out-Just-How-Bad-TMobile-Deal-Is-117253>

Earlier this week the FCC issued an order that clearly laid out the reasons for the FCC's opposition to the AT&T T-Mobile deal. The full report (pdf) mirrors what we've been noting for months: AT&T's merger benefit claims are false. The deal does not create jobs, it would eliminate a disruptive price player (T-Mobile) while significantly weakening another competitor (Sprint), and is not required for AT&T to fully deploy next-gen wireless broadband. These are not opinions, these are facts pulled by AT&T's own statements to Wall Street and data leaked by AT&T's own lawyer posted here last August.

As you might expect, AT&T isn't too happy that the FCC took the extra step of publishing a report clearly illustrating how nearly all of AT&T's claimed deal benefits are lies. As a result, AT&T's top lobbyist, Jim Cicconi, took to the company's blog to vent. Cicconi, whose job description undeniably involves pummeling the truth into submission whenever it threatens AT&T's revenues, slams the FCC for "cherry-picking facts to support its views" while "ignoring facts that don't."

It's an odd insult and is pretty funny if you've ever heard Cicconi speak.

Cicconi is a man whose company has orchestrated one of the largest disinformation efforts in recent history to get their troubled deal approved, throwing money at everyone from cattle ranching organizations to homeless shelters with the expectation they'd gleefully support a deal that will undeniably result in higher prices and less choice for consumers. Cicconi accusing anybody of factual inaccuracies is like Al Capone criticizing someone for having bad table manners. What little actual factual discussion Cicconi attempts involves repeating the same untruths AT&T's been telling everyone since they announced the deal, including that they cannot fully deploy LTE without T-Mobile: The report states, based purely on speculation, that AT&T will expand its LTE deployment from 80% of the population to 97.4% even without the merger. The report says this will occur because AT&T will be forced to do so by competition, despite documents and sworn declarations by AT&T to the contrary. To argue this, the report apparently assumes a high enough level of competition exists in rural areas to compel billions of dollars in investment.

Except again, leaked documents accidentally publicized by AT&T's own attorney clearly show AT&T has the capability to expand LTE to 97% of the nation -- they just don't want to pay for it. The document shows AT&T marketing repeatedly requested that AT&T match Verizon's 97% LTE coverage, lest they be beaten up in national ads again (recall the Luke Wilson affair). AT&T refused, and just as with U-Verse versus FTTH, chose to cut corners on investment. It's AT&T's prerogative to put investors before network health, but it's a lie to suggest they lack the funds, spectrum or resources to do it.

For AT&T to insist anybody is stretching the truth after months of lying is comical. AT&T told regulators the T-Mobile deal would increase investment, yet is on the record telling Wall Street the deal will cut investment by \$8 million. AT&T and the CWA told regulators the deal would create

100,000 jobs, yet the author of the very study they cite says his study claims no such thing. Still, Cicconi stalwartly pushes forth with the assertion that AT&T T-Mobile will be good for U.S. jobs: Commitment that the merger will not result in any job losses for U.S.-based wireless call center employees of T-Mobile or AT&T who are on the payroll when the merger closes; Commitment to bring 5,000 wireless call center jobs back to the U.S. that today are outsourced to other countries; Commitment that T-Mobile's non-management employees whose job functions are no longer required because of the merger will be offered another position in the combined company. The 5,000 low-level call center jobs AT&T is bringing back to the states aren't new jobs, they're simply shuffled. AT&T claims this is a concession they're making because of the deal, but an insider told Broadband Reports it's actually something they planned to do anyway as an overseas contract expired. As for AT&T claiming they won't fire call center employees and will re-assign redundant workers, you can look to decades of similar deals to find data on just how well those promises work out.

One point where Cicconi is not wrong is in his criticism of the FCC's own hypocritical job claims. The FCC recently crowed that their new USF reform plan would create 500,000 new jobs, a claim that's more than a little laughable if you've tracked USF dysfunction over the years (though Cicconi may not want to complain too loudly, since this "reform" primarily involves new subsidies for AT&T that involve the company doing little to nothing). Granted this doesn't somehow magically make the FCC's report wrong, and it's certainly not news that both career politicians and lobbyists aren't exactly poster children when it comes to truth telling.

There's plenty of debates in telecom where you'll find fuzzy areas of debate where the truth can often get murky. Whether or not AT&T's acquisition of T-Mobile is a bad deal for consumers (and whether AT&T is lying about it) is not one of them. As AT&T's deal starts to circle the drain, it's sad that their top lobbyist is resorting to hypocritical barbs and repetition of lies to salvage the deal. It's time to put this particularly stinky baby to bed before what remains of AT&T's credibility among consumers is completely lost.